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Amounts paid by a corporation to qualified religious, charitable, and educational organizations designated by its employees pursuant to a charitable designation plan are deductible by the corporation under section 170 of the Internal Revenue Code of 1954. The employees will not be in receipt of gross income for Federal income tax purposes with respect to these contributions by the corporation.

Advice has been requested whether a charitable contribution deduction is allowable, for Federal income tax purposes, for amounts paid by a corporation to qualified religious, charitable, and educational organizations designated by its employees pursuant to a charitable designation plan.

The corporation adopted the plan in order to encourage its employees to engage in philanthropic activities on their own account where their circumstances would permit. Under this plan, each employee with at least 1 year's service and a predetermined minimum annual compensation may participate in the allocation of the corporation's charitable contributions. Each such employee may designate a number of organizations qualified under section 170 (c) of the Internal Revenue Code of 1954 to which contributions will be made by the corporation. The aggregate amount which an employee may designate varies according to his compensation.

The employee's designation is made on a form provided by the corporation. After satisfying itself that the organizations designated on the completed forms qualify under section 170 of the Code and that the employee will not benefit personally by the contribution, the corporation issues checks payable directly to the recipient organizations. The check or checks are then sent to the designating employee for transmission to the designated organizations.

The employees are merely performing administrative duties for the corporation by suggesting specific qualified recipient organizations.

Section 170 of the Code provides, in part, that in computing taxable income there shall be allowed as a deduction, in the manner and to the extent therein specified, any charitable contribution payment of which is made within the taxable year to or for the use of an organization which is operated exclusively for religious, charitable, and educational purposes.

Accordingly, amounts paid by the corporation to qualified religious, charitable, and educational organizations designated by its employees pursuant to the prescribed charitable designation plan are deductible by the corporation in the manner and to the extent provided by section 170 of the Code. The employees will not be in receipt of gross income for Federal income tax purposes with respect to these contributions by the corporation.